and that initiates a plurality of calls to a plurality of plug-in modules. The server can handle fraud-avoidance processing of the order acceptance request. The server can initiate a call to a database of a virtual warehouse in which merchants store virtual inventories of items, to ensure that a sufficient virtual inventory exists for a purchase."

In the Drawings:

Please substitute the enclosed FIG. 2 for the corresponding figure filed with the application and please add the enclosed FIGS. 6-12, which correspond to figures in Appendix C filed with the application. Applicant has amended FIG. 2 to include the legend "FIG. 2." No new matter has been added by the inclusion of FIGS. 6-12.

REMARKS

In response to the restriction requirement, applicant has cancelled non-elected claims 4-10, directed toward non-elected inventions.

In response to the Examiner's inquiry, applicant notes that the text of the Appendix C filed with this patent application, entitled "Transact Architecture" was not published prior to the filing date of this patent application.

In response to the Examiner's objection to the Declaration, the undersigned states that the complete post office addresses of Eswar Priyadarshan, Michael P. Mitchell, and Durval M. Vieira as of the filing date of the application are as follows:

Eswar Priyadarshan	Michael P. Mitchell	Durval M. Vieira
285 Plantation Street	35 Gilbert Road	86 Fairview Avenue
Worcester, MA 01604-7701	Belmont, MA 02478	Peabody, MA 01960-6540

In response to the Examiner's objections to the drawings, title, specification, and abstract, applicant has made appropriate amendments.

In response to the Examiner's objections to the appendices, applicant submits herewith microfiche appendices A and B in substitution for the text appendices A and B filed with the application, and applicant has incorporated the text of Appendix C into the text of the application and the drawings of Appendix C into the drawings of the application. No new matter has been added by this amendment.

Applicant has amended claims 1-3 in response to the Examiner's indefiniteness rejection.
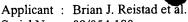
The invention of claims 1-3 provides an electronic commerce system that allows negotiation between a client computer and a server computer. As described in the application as filed on page 7, lines 1-25:

> The protocol described above enables an automatic negotiation of a commercial transaction between a buyer and a seller or between a client computer operating on behalf of a buyer and a server computer operating on behalf of a seller, where the server computer contains software that must enforce complex order acceptance criteria. The protocol enables the client computer and the server to efficiently negotiate toward a complete and acceptable order because the protocol communicates multiple acceptability criteria between the client computer and the server in each message. For example, order acceptance request 16 can contain multiple terms or conditions options to be filtered by the server, and order acceptance response 18 can contain multiple amendments indicating violations of acceptability criteria. Also, order acceptance response 18 can include a higher total order price that would be acceptable to server 14 in order for server 14 to accept the terms or conditions of the original order acceptance request, or, alternatively, a lower total order price for compensating the client as an inducement for accepting different terms or conditions in order to avoid violating the acceptability criteria, and thus server 14 can implement order-dependent, negotiated hidden pricing. More generally, order acceptance response 18 can include a plurality of various order prices corresponding to various terms or conditions of the offer.

Gifford, relied upon by the Examiner under 35 U.S.C. 103, discloses an electronic commerce system that lacks the "negotiation" capability of the invention of claims 1-3 described above

. With respect to claim1, the Examiner indicates that column 6, lines 14-44 of Gifford discloses an order acceptance request comprising a plurality of terms or conditions of a proposed offer for a purchase including "multiple options of at least one of the terms or conditions of the offer." Applicant submits that Gifford discloses an acceptance request that includes multiple terms or conditions, but not an acceptance request that includes multiple options of at least one of the terms or conditions of the offer. Thus, for example, the acceptance request can't include a

first shipping choice and payment choice and a second shipping choice and payment choice, which might result in the server computer transmitting an order acceptance response that indicates that the first shipping choice and payment choice are acceptable but the second shipping choice and payment choice are unacceptable.

With respect to claim 2, Gifford fails to disclose an order acceptance response from the server computer to the client computer that contains "a plurality of amendments to the proposed offer for the purchase." For example, the server computer cannot offer the client computer a lower price as compensation for a different shipping choice or payment choice. Applicant has amended claim 2 to require the amendments to include an amended price. The Examiner contends that it would have been obvious to modify Gifford to allow the server computer to propose a plurality of amendments in a single order acceptance response, but applicant contends it would not have been obvious to apply to the context of an electronic commerce system the principle of allowing a server computer to counter-offer, based on pre-programmed criteria, with an amended price in conjunction with at least one other amendment to the original offer. Rather, users of electronic commerce systems that are based on pre-programmed criteria do not expect a server computer (in contrast to a human being) to negotiate the price of a product or service offered for sale.

With respect to claim 3, Gifford fails to disclose an order acceptance request that includes modular elements protected by cryptographic security codes and a server computer that authenticates the cryptographic security codes and examines the individually protected modular elements. One such modular element can be, for example, a coupon, as disclosed in the application as filed, which would be protected in a modular fashion by a security code independently of the rest of the order acceptance request. The Examiner contends that it would have been obvious to encrypt and decrypt the electronic messages in Gifford as a whole, but claim 3 further requires that modular elements of the order acceptance request be individually protected by cryptographic security codes, which would be the case if one of the modular elements is a coupon obtained by a third party that is protected by a cryptographic security code independently of the remainder of the order acceptance request.

Applicant submits that all of the claims are now in condition for allowance, which action is requested. Filed herewith is a check in payment of the excess claims fees required by the

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above amendments and Petition for Automatic Extension with the required fee. Please apply any

other charges or credits to Deposit Account No. 06-1050.

Respectfully submitted,

Date: _December 16, 1994_

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